

**CITY OF LODI  
INFORMAL INFORMATIONAL MEETING  
"SHIRTSLEEVE" SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, DECEMBER 18, 2001**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, December 18, 2001 commencing at 7:02 a.m.

**A. ROLL CALL**

Present: Council Members – Hitchcock, Howard, Land, Nakanishi (arrived at 7:03 a.m.),  
and Mayor Pennino

Absent: Council Members – None

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

**B. CITY COUNCIL CALENDAR UPDATE**

City Clerk Blackston reviewed the weekly calendar (filed).

**C. TOPIC(S)**

- C-1 "Discussion regarding the sale of approximately \$57,300,000 Electric Revenue Certificates of Participation (COP) to refund the current Electric Revenue COPs and to raise \$10,000,000 in working Capital for the Electric Utility"

City Manager Flynn distributed a press release from Fitch IBCA, Duff & Phelps (filed) who rated the Lodi \$30,470,000 Certificates of Participation (2002 Public Improvement Financing Project) as an A+.

George Wolf of Salomon Smith Barney stated that based on current market conditions, the proposal is to issue \$46 million of Electric Utility revenue Certificates of Participation (COP) at a cost of 4.5%. Approximately \$52 million would be required to refund the existing series 1999 COP and generate that amount of savings; however, the Utility estimates it has \$6 million of construction funds in the 1999 issue that are not needed for its original purpose and will be contributed to the issue, which would reduce the borrowing size and enable the Utility to issue approximately \$46 million and lower its expected debt service requirements. In the current market, the savings are about \$1 million per year. The deal has been structured to take all of the savings after 2010, which will total \$16 million. The present value of those savings in today's dollars is \$3 million, which is over 8% of the refunded COPs. Mr. Wolf stated that this refunding is a very attractive option for generating savings and for managing the Utility's cash flow requirements.

In response to Council Member Nakanishi, Mr. Wolf explained that by taking no cash flow savings before 2010, the Utility is shortening the average life of the loan and amortizing it more quickly.

Electric Utility Director Vallow clarified that staff is advocating a taxable cash flow and borrowing to increase liquidity, not to pay for operating expenses. He reported that the majority of the Utility's costs occur early in the budget year. Revenue lags 90 days, and debt service is paid January 15 and July 15. He emphasized the importance of an operating reserve to cover business risk and cash flow. The Market Cost Adjustment (MCA) recovers extraordinary costs without raising base rates. He stated that projecting forward seven months, Electric Utility's revenues match its expenses. Restructuring existing power purchase contracts would allow the Utility to meet seasonal load variations and help match the cash flow. The cash infusion would permit the Utility to address volatility and allow policy and planning alternatives. It would also provide an opportunity to lower the MCA in July. He stated that the net cost of doing the borrowing is zero.

Alex Burnett of Public Financial Management stated that if the money were drawn down for operating expenses it would put more pressure on the Utility. It should be used for liquidity.

In response to Council Member Land, Mr. Vallow stated that the funds from the 1999 COPs could not be used for liquidity.

Council Member Nakanishi spoke in favor of the proposal and noted that it would: 1) keep rates down; 2) preserve the \$4 million Electric Utility transfer to the General Fund; and, 3) give the needed cash flow to the Utility, which would increase in 2010.

In reply to Mayor Pro Tempore Hitchcock, Mr. Wolf stated that due to low long-term interest rates, refinancing the 1999 issue is very favorable. Mr. Burnett concurred and reiterated that \$6 million would be contributed to the refunding to downsize the deal. The total projection is \$15 to \$16 million in savings. He confirmed that it would be changed from a variable rate to a fixed rate.

In answer to questions posed by Mayor Pro Tempore Hitchcock, Finance Director McAthie reported that 'Operating Transfers Out' are usually transfers to the benefits funds for employee medical, dental, etc. Mr. Vallow explained that 'Debt Service Coverage Transfer' is deemed to have come from reserves. The '2001-02 Transfer In' is capitalized interest. The acronym 'PILOT' stands for payment in-lieu of taxes.

Mayor Pro Tempore Hitchcock expressed concern about financing short-term operating costs with long-term debt financing. She was only in favor of raising the \$10 million in working capital for the Utility if it were not intended to be used, other than for 'matching the cash flow' as described earlier by Mr. Vallow.

Mr. Vallow emphasized that the \$10 million would not finance an operating expense, but rather, a reserve threshold. He stated that cost overruns are recovered through rates.

Mayor Pro Tempore Hitchcock suggested that the Electric Utility General Fund transfer be reviewed and stated that she was opposed to taking a percentage of the MCA for this purpose.

Mayor Pennino requested that monthly financial reports from Electric Utility be provided to the Council.

**D. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS**

None.

**E. ADJOURNMENT**

No action was taken by the City Council. The meeting was adjourned at 8:20 a.m.

ATTEST:

Susan J. Blackston  
City Clerk

# Mayor's & Council Member's Weekly Calendar

## WEEK OF DECEMBER 18, 2001

**Tuesday, December 18, 2001**

Reminder Pennino. LCC Annual Conference, Sacramento, 12/18 - 12/20/01.

7:00 a.m. Shirtsleeve Session

- 1) Discussion regarding the sale of approximately \$57,300,000 Electric Revenue Certificates of Participation (COP) to refund the current Electric Revenue COPs and to raise \$10,000,000 in working Capital for the Electric Utility (CM)

5:00 - 7:00 p.m. Family Resource & Referral Center public forum regarding Governor's mandate to reform child care funding, Stockton Civic Auditorium, South Hall.

## Wednesday, December 19, 2001

Reminder Pennino. LCC Annual Conference, Sacramento, 12/18 - 12/20/01.

12 Noon Lodi Area Crime Stoppers Annual Christmas Luncheon, Pietro's Trattoria.

7:00 p.m. City Council meeting  
4 Closed Session items (NOTE: 5:45 p.m.)  
One Presentation  
21 Consent Calendar items  
3 Public Hearings  
5 Regular Calendar items  
Adjourn to various agency meetings  
One Ordinance

## Thursday, December 20, 2001

Reminder Pennino. LCC Annual Conference, Sacramento, 12/18 - 12/20/01.

12 Noon Christmas Luncheon hosted by Jeffrey and Carol Kirst Tokay Development, Inc., Hutchins Street Square ~ Crete Hall.

## Friday, December 21, 2001

3:30 - 6:30 p.m. Ribbon cutting and grand opening of Gaddy Ward & Co. Insurance Brokers, 66 W. Walnut Street, Lodi.

## Saturday, December 22, 2001

## Sunday, December 23, 2001

## Monday, December 24, 2001

Reminder City Hall will be closed  $\frac{1}{2}$  day.



**Disclaimer: This calendar contains only information that was provided to the City Clerk's office**

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# CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Discussion regarding the sale of approximately \$57,300,000 Electric Revenue COPs to refund the current Electric Revenue COPs and to raise \$10,000,000 in working capital for the Electric Utility

**MEETING DATE:** December 18, 2001

**PREPARED BY:** City Manager, Electric Utility Director and Finance Director

**RECOMMENDED ACTION:** That the City Council direct staff regarding the sale of approximately \$57,300,000 Electric Revenue COPs to refund the current Electric Revenue COPs and to raise \$10,000,000 in working capital for the Electric Utility

**BACKGROUND INFORMATION:** As discussed at the December 4<sup>th</sup> shirtsleeve session, the current low interest rate environment, gives the City an opportunity to issue new Electric Revenue Certificates of Participation (COPs) to legally defease the approximately \$43,900,000 1999 COP's to their call date and generate debt service savings. At current rates, the present value savings from an optimally structured refunding issue would be in excess of \$5 million. In addition, the Electric Utility currently believes that approximately \$6 million in the existing construction fund is no longer needed for its original purpose, and could be contributed to the refunding escrow. This contribution would reduce the size of the refunding issue (to approximately \$47,100,000), but would not affect the savings. Annual debt service after 2010 would be reduced by approximately \$1,160,000.

In addition, the Electric Utility proposes to issue approximately \$10,200,000 of taxable Electric Revenue COPs to raise working capital. This will provide additional flexibility to meet cashflow needs stemming from the unusual power market conditions of the past 12 months. Debt service on this taxable issue would be a level annual amount of approximately \$1,600,000, with a final maturity in eight years. The proceeds from this issue are not intended to be used for budgeted O&M expenses. Budgeted O&M costs are paid for out of revenues. At this time, projected annual revenues will slightly exceed budgeted costs.

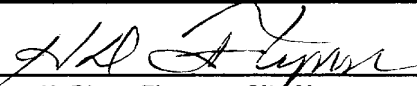
The combined issue size would be \$57,300,000. The COPs would be secured by net revenues from the Electric Utility.

George Wolf from Salomon Smith Barney, Alex Burnett from Public Financial Management, and City staff will be in attendance at the shirtsleeve meeting.

**FUNDING:** None required at this time.

  
H. Dixon Flynn  
City Manager

**APPROVED:**

  
H. Dixon Flynn – City Manager

*Presentation to:*

# City of Lodi



*on*

Proposed Series 2002 Electric Revenue COPs

*December 18, 2001*

**SALOMON SMITH BARNEY**  
A member of citigroup

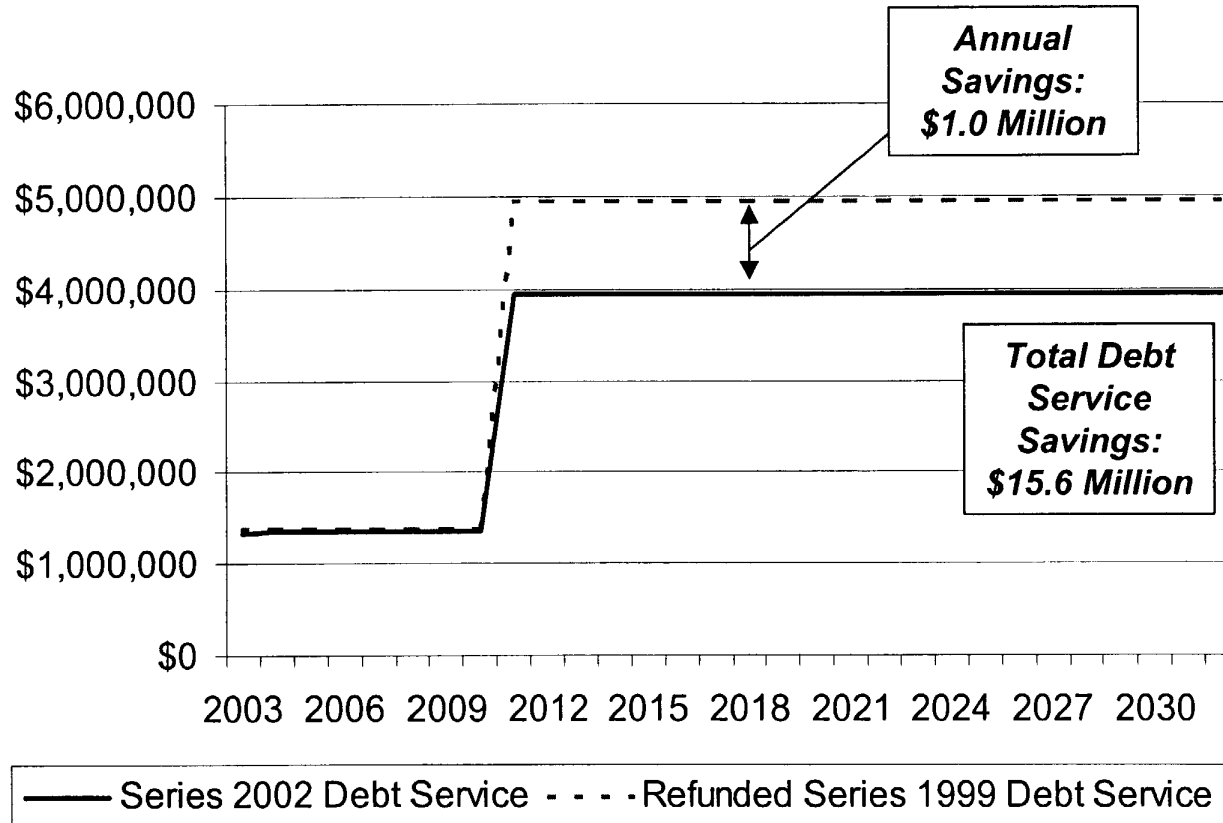
## **Proposed Series 2002 Electric Revenue COPs**

- Series A: Refunding of Series 1999 COPs
- Series B: Taxable Cashflow Borrowing

## **Series 2002A: Refunding of Series 1999 COPs**

- \$45.9 million par amount
- 4.54% all-in cost of borrowing
- \$3.0 million NPV savings in current market (8.5% of refunded COPs)
- \$1.0 million annual cashflow savings after 2010
- \$15.6 million total debt service savings
- \$6.0 million excess construction funds contributed from Series 1999 proceeds
- Fixed rate structure recommended

## Electric Utility Debt Service After Refunding





## Series 2002B: Taxable Cashflow Borrowing

- \$10.2 million par amount
- 5.51% all-in cost of borrowing
- 8-year term
- \$1.6 million approximate annual debt service
- \$10 million proceeds will be deposited into Rate Stabilization Fund
- Proceeds ***are not expected to be spent*** based upon current operating projections
- Series 2002B will reduce possibility of need for higher electric rates

## Historic Operating Results

*How 2001 affected the Lodi Electric Utility:*

	FY1999-00 Actual	FY2000-01 Actual
Investment/Property Revenues	2,896,347	4,916,476
Rate Revenue	38,643,042	39,859,072
Market Cost Adjustment	0	256,009
Transfers from Reserves	0	5,670,000
Other Revenue	1,213	14,415
<b>Total Revenue</b>	<b>41,540,602</b>	<b>50,715,972</b>
Operating Expenditures	8,395,120	7,268,261
City Administration Charges	1,398,735	1,697,136
Bulk Power	27,722,088	40,358,176
<b>Total Operating Expenses</b>	<b>37,515,943</b>	<b>49,323,573</b>
<b>Net Operating Revenues</b>	<b>4,024,659</b>	<b>1,392,399</b>
Series 1999/2002A Debt Service	1,329,594	1,391,435
Series 2002B Debt Service	0	0
less Earnings on COP Proceeds	0	0
<b>Net Debt Service</b>	<b>1,329,594</b>	<b>1,391,435</b>
<b>Net Debt Service Coverage</b>	<b>303%</b>	<b>100%</b>
<b>Other Revenues (Expenses)</b>		
Series 1999 Proceeds (Reimburse)	6,000,000	0
Change in Receivables	(1,861,510)	1,467,695
Operating Transfer Out	(879,321)	(270,167)
DS Coverage Transfer	0	(5,670,000)
Transfer In	0	0
PILOT	(4,367,000)	(4,637,165)
Change in Fund Balance	1,587,234	(9,108,673)
<b>Fund Balance</b>	<b>15,895,762</b>	<b>6,787,089</b>

## Key Changes to Business Plan

*The following key changes in business strategy will insulate the Lodi Electric Utility from further market volatility and further rate increases:*

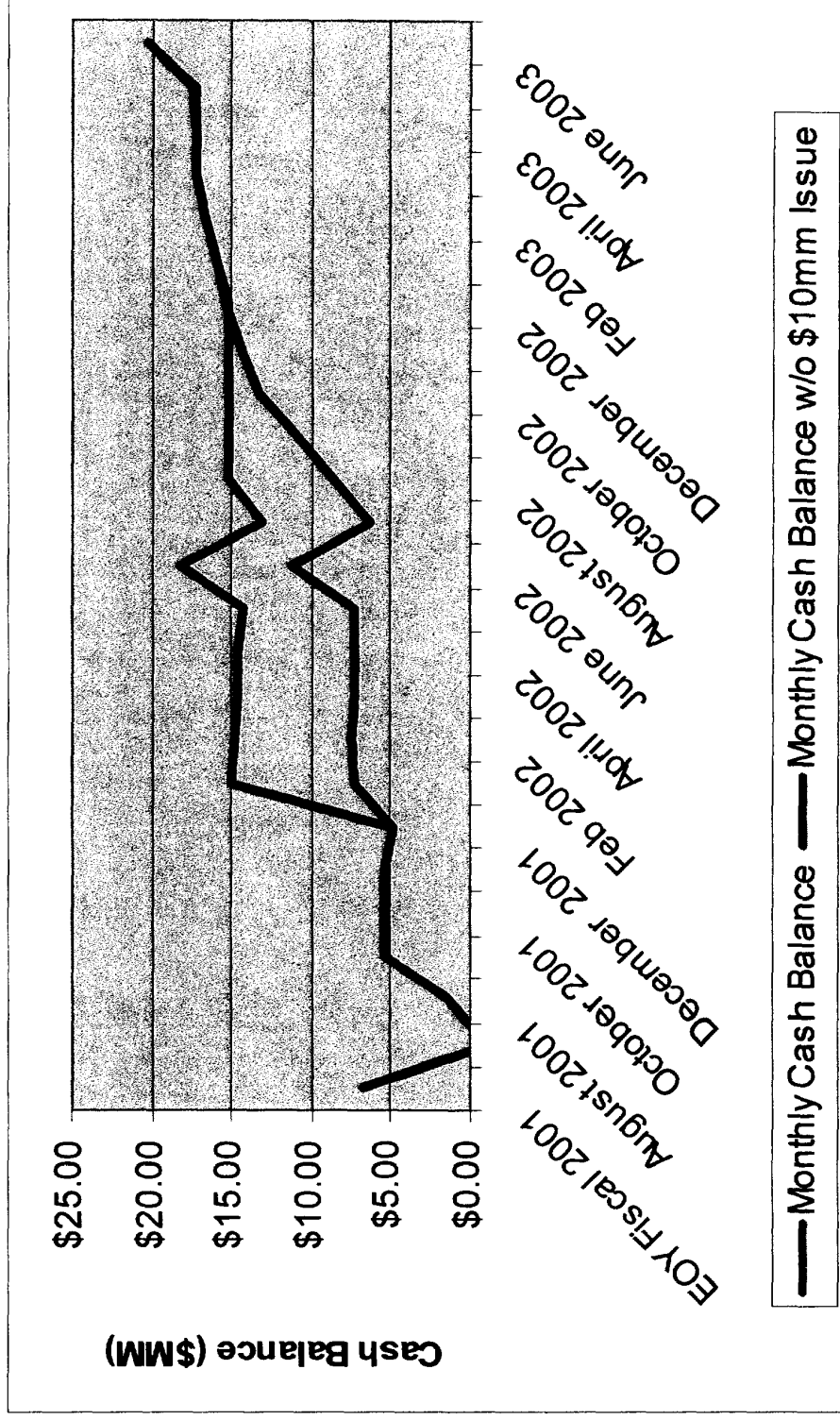
- Market Cost Adjustment recovers extraordinary costs without raising base rates
- Restructuring existing power purchase contracts to match seasonal load variations
  - Electric Utility now plans for no more than 2% market purchases or 5% surplus capacity
- Cashflow borrowing to increase liquidity

## Projected Operating Results

	FY1999-00	FY2000-01	FY2001-02	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10
	Actual	Actual	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Investment/Property Revenues	2,896,347	4,916,476	1,643,484	1,569,656	1,391,735	883,800	585,936	525,997	426,268	442,445	502,494
Rate Revenue	38,643,042	39,859,072	39,928,900	41,126,787	42,360,570	43,631,387	44,940,329	46,288,539	47,677,195	49,107,511	50,580,736
Market Cost Adjustment	0	256,009	8,645,580	0	0	2,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Transfers from Reserves	0	5,670,000	0	0	0	0	0	0	0	0	0
Other Revenue	1,213	14,415	1,500,000	0	0	0	0	0	0	0	0
Total Revenue	41,540,602	50,715,972	51,717,964	42,696,423	43,752,305	46,515,187	48,526,265	49,814,536	51,103,463	52,549,956	54,083,230
Operating Expenditures	8,395,120	7,268,261	4,455,568	4,801,679	4,676,592	5,548,126	6,416,197	6,544,521	6,675,412	6,808,920	6,945,098
City Administration Charges	1,398,735	1,697,136	2,200,000	2,244,000	2,288,880	2,334,658	2,381,351	2,428,978	2,477,557	2,527,108	2,577,651
Bulk Power	27,722,088	40,358,176	40,500,000	31,000,300	32,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000
Total Operating Expenses	37,515,943	49,323,573	47,155,568	38,045,979	38,965,472	40,882,783	41,797,548	41,973,499	42,152,969	42,336,028	42,522,749
Net Operating Revenues	4,024,659	1,392,399	4,562,396	4,650,445	4,786,833	5,632,404	6,728,717	7,841,037	8,950,494	10,213,927	11,560,481
Series 1999/2002A Debt Service	1,329,594	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435
Series 2002B Debt Service	0	0	800,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
less Earnings on COP Proceeds	0	0	(1,391,435)	(1,391,435)	(1,391,435)	(695,718)	0	0	0	0	0
Net Debt Service	1,329,594	1,391,435	800,000	1,600,000	1,600,000	2,295,718	2,991,435	2,991,435	2,991,435	2,991,435	2,991,435
Net Debt Service Coverage	303%	100%	570%	291%	299%	245%	225%	262%	299%	341%	386%
Other Revenues (Expenses)											
Series 1999 Proceeds (Reimburse	6,000,000	0	0	0	0	0	0	0	0	0	0
Series 2002B Proceeds	0	0	10,000,000	0	0	0	0	0	0	0	0
Change in Receivables	(1,861,510)	1,467,695	0	0	0	0	0	0	0	0	0
Operating Transfer Out	(879,321)	(270,167)	(350,000)	(357,000)	0	0	0	0	0	0	0
DS Coverage Transfer	0	(5,670,000)	0	0	0	0	0	0	0	0	0
Transfer In	0	0	2,875,000	0	0	0	0	0	0	0	0
PILOT	(4,367,000)	(4,637,165)	(4,783,089)	(4,791,468)	(4,935,212)	(5,083,268)	(5,235,766)	(5,392,839)	(5,554,625)	(5,721,263)	(5,892,901)
Change in Fund Balance	1,587,234	(9,108,673)	11,504,307	(2,098,024)	(1,748,379)	(1,746,582)	(1,498,484)	(543,238)	404,434	1,501,229	2,676,145
Fund Balance	18,898,762	6,787,089	18,291,396	16,193,373	14,444,994	12,698,412	11,199,928	10,656,890	11,061,124	12,562,363	15,238,498
NCPA GOR Balance	8,490,470	2,360,810	2,360,810	2,360,810	2,360,810	2,360,810	2,360,810	2,360,810	2,360,810	2,360,810	2,360,810

### Projected Operating Results (Monthly Breakdown)

*Without the Series 2002B cashflow borrowing, the Electric Utility's cashflow position may be much more vulnerable*



*filed 12-18-01*  
*CM*

## Press Release

**FITCH**

FITCH IBCA, DUFF & PHELPS

FITCH  
 One State Street Plaza  
 New York, NY 10004  
 (212) 908-0810  
[www.fitchratings.com](http://www.fitchratings.com)

Fitch Rts Lodi, California \$30.5MM Certificates of Participation 'A+' *Gen Fund only*

Fitch-NY-December 17, 2001: City of Lodi, California, \$30,470,000 certificates of participation (2002 Public Improvement Financing Project), are rated 'A+' by Fitch, Inc. The certificates are scheduled to sell via negotiation by Salomon Smith Barney in or around the week of Jan. 14.

The 'A+' rating reflects Lodi's (the city) good financial position, low debt burden, and healthy though somewhat concentrated economy. The rating also incorporates the solid lease structure and the city's excellent management policies and practices. The city's financial position is characterized by adequate reserve levels, diverse general fund revenues, and conservative, multi-year budgeting along with prudent long-term planning. The local area economy is heavily reliant on agriculture, with some concentration in its established and growing wine-grape industry. However, recent industrial and residential development should continue to benefit the city's overall economic position.

Lodi is located in California's Central Valley approximately 34 miles south of Sacramento and 90 miles east of San Francisco. The regional economy is based primarily in agricultural products including wine-grapes, nuts, fruit, and milk; the Lodi area is one of the largest and most productive wine-grape regions in the U.S. As a result, the city economy includes a substantial food processing industry in addition to other basic local services. Population growth is considerably slower than the county and surrounding communities given city growth control ordinances. Unemployment rates have declined steadily from over 10% in the early 1990's to 6.5% in 2000, well below the county's 8.8% but above state and national averages. Assessed valuations have risen moderately during the past decade, with somewhat larger gains in recent years including a 6.9% rise in 2001.

Approximately \$16.8 million of certificate proceeds will be used along with \$4.5 million in city contributions and \$4.2 million from state grants to finance a new public safety facility, renovations and improvements to the city's old public safety center, a park, and a new parking structure. The projects are all strategically located around the city's revitalized central downtown district. Construction on all projects is expected to be completed by 2005. The remaining \$13.7 million will be used to refund the city's only outstanding bonded debt.

Certificates are secured via a standard lease-leaseback transaction between the city and the Lodi Public Improvement Corporation (the corporation). The leased assets securing the certificates are essential city facilities with a combined value slightly exceeding certificate par. The city has covenanted to budget and appropriate lease payments equal to debt service, subject to abatement.

The city's financial position is good with adequate reserve levels and diverse sources of general fund revenue. Prudent long-term planning along with strong

## Press Release



FITCH  
One State Street Plaza  
New York, NY 10004  
(212) 908-0810  
[www.fitchratings.com](http://www.fitchratings.com)

management policies and practices also protect the city's fiscal health. In fiscal 2001, the general fund ended with a \$3.9 million fund balance including a \$3.4 million unreserved undesignated balance equal to 10% of spending. General fund revenues are diverse and include property, sales and use, and in-lieu franchise taxes from the city's electric utility. Annually, the city adopts a two-year financial plan/budget along with a rolling seven-year capital plan.

Debt levels remain low though somewhat higher as a result of this certificate sale. Capital improvements are financed through pay-as-you-go, partially from a 30% set-aside of the city's share of property taxes, and one-time revenues. Major additional capital needs are minimal.

Contact: Mark J. Capell 1-415-732-5622 or Scott A. Andreson 1-415-732-5620, San Francisco.

July 5, 2008

## Projected Operating Results

	FY1999-00 Actual	FY2000-01 Actual	FY2001-02 Projection	FY2002-03 Projection	FY2003-04 Projection	FY2004-05 Projection	FY2005-06 Projection	FY2006-07 Projection	FY2007-08 Projection	FY2008-09 Projection
Investment/Property Revenues	2,896,347	4,916,476	1,654,531	1,668,477	1,630,252	1,230,045	980,557	906,858	779,404	753,192
Rate Revenue	38,643,042	39,859,072	39,928,900	41,126,767	42,360,570	43,631,387	44,940,329	46,288,539	47,677,195	49,107,511
Market Cost Adjustment	0	256,009	8,645,580	3,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Transfers from Reserves	0	5,670,000	0	0	0	0	0	0	0	0
Other Revenue	1,213	14,415	1,500,000	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>41,540,602</b>	<b>50,715,972</b>	<b>51,729,011</b>	<b>45,795,244</b>	<b>45,990,822</b>	<b>46,861,432</b>	<b>47,920,886</b>	<b>49,195,397</b>	<b>50,456,599</b>	<b>51,860,703</b>
Operating Expenditures	8,395,120	7,268,261	4,272,289	4,408,396	4,547,759	5,690,468	6,836,619	6,973,351	7,112,818	7,255,075
City Administration Charges	1,398,735	1,697,136	2,200,000	2,244,000	2,288,880	2,334,658	2,381,351	2,428,978	2,477,557	2,527,108
Bulk Power	27,722,088	40,358,176	40,500,000	31,000,000	31,310,000	31,623,100	31,939,331	32,258,724	32,581,312	32,907,125
<b>Total Operating Expenses</b>	<b>37,515,943</b>	<b>49,323,573</b>	<b>46,972,289</b>	<b>37,652,396</b>	<b>38,146,639</b>	<b>39,648,225</b>	<b>41,157,301</b>	<b>41,661,053</b>	<b>42,171,687</b>	<b>42,689,308</b>
<b>Net Operating Revenues</b>	<b>4,024,659</b>	<b>1,392,399</b>	<b>4,756,722</b>	<b>8,142,848</b>	<b>7,844,183</b>	<b>7,213,207</b>	<b>6,763,585</b>	<b>7,534,344</b>	<b>8,284,912</b>	<b>9,171,395</b>
Series 1999/2002A Debt Service	1,329,594	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435
Series 2002B Debt Service	0	0	800,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
less Earnings on COP Proceeds	0	0	(1,391,435)	(1,391,435)	(1,391,435)	(695,718)	0	0	0	0
<b>Net Debt Service</b>	<b>1,329,594</b>	<b>1,391,435</b>	<b>800,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>2,295,718</b>	<b>2,991,435</b>	<b>2,991,435</b>	<b>2,991,435</b>	<b>2,991,435</b>
<b>Net Debt Service Coverage</b>	<b>303%</b>	<b>100%</b>	<b>595%</b>	<b>509%</b>	<b>490%</b>	<b>314%</b>	<b>226%</b>	<b>252%</b>	<b>277%</b>	<b>307%</b>
<b>Other Revenues (Expenses)</b>										
Series 1999 Proceeds (Reimburse)	6,000,000	0	0	0	0	0	0	0	0	0
Series 2002B Proceeds	0	0	10,000,000 #	0	0	0	0	0	0	0
Change in Receivables	(1,861,510)	1,467,695	0	0	0	0	0	0	0	0
Operating Transfer Out	(879,321)	(270,167)	(350,000)	(357,000)	(364,140)	(371,423)	(378,851)	(386,428)	(394,157)	(402,040)
DS Coverage Transfer	0	(5,670,000)	0	0	0	0	0	0	0	0
Transfer In	0	0	4,875,000 #	0	0	0	0	0	0	0
PILOT	(4,367,000)	(4,360,975)	(4,783,089)	(4,791,468)	(4,935,212)	(5,083,268)	(5,235,766)	(5,392,839)	(5,554,625)	(5,721,263)
<b>Change in Fund Balance</b>	<b>1,587,234</b>	<b>(8,832,483)</b>	<b>13,698,634</b>	<b>1,394,380</b>	<b>944,831</b>	<b>(537,202)</b>	<b>(1,842,468)</b>	<b>(1,236,359)</b>	<b>(655,305)</b>	<b>56,656</b>
<b>Fund Balance</b>	<b>15,895,762</b>	<b>7,063,279</b>	<b>20,761,913</b>	<b>22,156,292</b>	<b>23,101,123</b>	<b>22,563,922</b>	<b>20,721,454</b>	<b>19,485,095</b>	<b>18,829,790</b>	<b>18,886,446</b>

<sup>1</sup> Reimbursement from bond trustee: \$2,875,000 for prior 2 years' excess construction earnings, and \$2,000,000 for prior 1 year's capital expenditures



## Projected Operating Results

### Projected Operating Results

	FY1999-00 Actual	FY2000-01 Actual	FY2001-02 Projection	FY2002-03 Projection	FY2003-04 Projection	FY2004-05 Projection	FY2005-06 Projection	FY2006-07 Projection	FY2007-08 Projection	FY2008-09 Projection
Investment/Property Revenues	2,896,347	4,916,476	1,643,484	1,569,656	1,391,735	883,800	585,936	525,997	426,268	442,445
Rate Revenue	38,643,042	39,859,072	39,928,900	41,126,767	42,360,570	43,631,387	44,940,329	46,288,539	47,677,195	49,107,511
Market Cost Adjustment	0	256,009	8,645,580	0	0	2,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Transfers from Reserves	0	5,670,000	0	0	0	0	0	0	0	0
Other Revenue	1,213	14,415	1,500,000	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>41,540,602</b>	<b>50,715,972</b>	<b>51,717,964</b>	<b>42,696,423</b>	<b>43,752,305</b>	<b>46,515,187</b>	<b>48,526,265</b>	<b>49,814,536</b>	<b>51,103,463</b>	<b>52,549,956</b>
Operating Expenditures	8,395,120	7,268,261	4,455,568	4,801,679	4,676,592	5,548,126	6,416,197	6,544,521	6,675,412	6,808,920
City Administration Charges	1,398,735	1,697,136	2,200,000	2,244,000	2,288,880	2,334,658	2,381,351	2,428,978	2,477,557	2,527,108
Bulk Power	27,722,088	40,358,176	40,500,000	31,000,300	32,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000
<b>Total Operating Expenses</b>	<b>37,515,943</b>	<b>49,323,573</b>	<b>47,155,568</b>	<b>38,045,979</b>	<b>38,965,472</b>	<b>40,882,783</b>	<b>41,797,548</b>	<b>41,973,499</b>	<b>42,152,969</b>	<b>42,336,028</b>
<b>Net Operating Revenues</b>	<b>4,024,659</b>	<b>1,392,399</b>	<b>4,562,396</b>	<b>4,650,445</b>	<b>4,786,833</b>	<b>5,632,404</b>	<b>5,728,717</b>	<b>7,841,037</b>	<b>8,950,494</b>	<b>10,213,927</b>
Series 1999/2002A Debt Service	1,329,594	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435	1,391,435
Series 2002B Debt Service	0	0	800,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
less Earnings on COP Proceeds	0	0	(1,391,435)	(1,391,435)	(1,391,435)	(695,718)	0	0	0	0
<b>Net Debt Service</b>	<b>1,329,594</b>	<b>1,391,435</b>	<b>800,000</b>	<b>1,600,000</b>	<b>1,600,000</b>	<b>2,295,718</b>	<b>2,991,435</b>	<b>2,991,435</b>	<b>2,991,435</b>	<b>2,991,435</b>
<b>Net Debt Service Coverage</b>	<b>303%</b>	<b>100%</b>	<b>570%</b>	<b>291%</b>	<b>299%</b>	<b>245%</b>	<b>225%</b>	<b>262%</b>	<b>299%</b>	<b>341%</b>
<b>Other Revenues (Expenses)</b>										
Series 1999 Proceeds (Reimburse)	6,000,000	0	0	0	0	0	0	0	0	0
Series 2002B Proceeds	0	0	10,000,000	0	0	0	0	0	0	0
Change in Receivables	(1,861,510)	1,467,695	0	0	0	0	0	0	0	0
Operating Transfer Out	(879,321)	(270,167)	(350,000)	(357,000)	0	0	0	0	0	0
DS Coverage Transfer	0	(5,670,000)	0	0	0	0	0	0	0	0
Transfer In	0	0	2,875,000	0	0	0	0	0	0	0
PILOT	(4,367,000)	(4,637,165)	(4,783,089)	(4,791,468)	(4,935,212)	(5,083,268)	(5,235,766)	(5,392,839)	(5,554,625)	5,721,263
<b>Change in Fund Balance</b>	<b>1,587,234</b>	<b>(9,108,673)</b>	<b>11,504,307</b>	<b>(2,098,024)</b>	<b>(1,748,379)</b>	<b>(1,746,582)</b>	<b>(1,498,484)</b>	<b>(543,238)</b>	<b>404,434</b>	<b>1,501,229</b>
<b>Fund Balance</b>	<b>15,895,762</b>	<b>6,787,089</b>	<b>18,291,396</b>	<b>16,193,373</b>	<b>14,444,994</b>	<b>12,698,412</b>	<b>11,199,928</b>	<b>10,656,690</b>	<b>11,061,124</b>	<b>12,562,353</b>
<b>NCPA GOR Balance</b>	<b>8,490,470</b>	<b>2,360,610</b>	<b>2,360,610</b>	<b>2,360,610</b>	<b>2,360,610</b>	<b>2,360,610</b>	<b>2,360,610</b>	<b>2,360,610</b>	<b>2,360,610</b>	<b>2,360,610</b>